GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3608
ANSWERED ON:08.08.2016
FDI in Petroleum Sector
Singh Shri Ganesh

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Foreign Direct Investment in the petroleum sector might expose the natural resources to major exploitation and thereby adversely effect the growth of petroleum industry;
(b) if so, the details thereof and the reaction of the Government thereto; and
(c) the corrective/reformative steps being taken by the Government in this regard?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM & NATURAL GAS
(DHARMENDRA PRADHAN)
(a) to (c) The Government of India permits Foreign Direct Investment (FDI) across the hydrocarbon value chain covering the upstream, downstream and midstream sectors. The present FDI policy for petroleum & natural gas sector allows 100% automatic route for exploration and production, refining by the private companies (for public sector companies 49% on automatic route without any disinvestment or dilution of domestic equity in the existing PSUs), marketing of petroleum products, pipelines, storage and LNG regasification infrastructure and all related services, subject to existing sectoral policy and regulatory framework in the oil and gas sector.
Exploration and Production of oil and gas are capital intensive and high risk activities requiring use of expensive state-of-the-art technologies and best management practices. Accordingly, the Government is encouraging participation of the private sector, including foreign companies in exploration, production and transportation network for petroleum and natural gas, in order to supplement the domestic investment as well as the efforts of the national oil companies in meeting the rising demand of oil and gas and reducing import dependence.
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